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30 August 2012

General Manager  
Business Tax Division  
The Treasury  
Langton Crescent PARKES ACT 2600

### **R&D Tax Incentive: quarterly credits - Response to Consultation Paper August 2012**

1. Are the proposed arrangements for quarterly credits workable? What features are most useful? Are there any features that are problematic? How might the arrangements be improved while appropriately managing risks to companies and the Commonwealth?

It may be useful to have a process to allow for a company that might be in arrears to bring its account up to date with the ATO on being accepted by the ATO into the system. This would assist with facilitating compliance from a company perspective and ensuring integrity from the ATO's perspective.

2. What type of guidance material or services would be most useful to assist companies to access quarterly credits and meet any associated obligations?

As discussed in Point 4 below, it would be recommended that guidance material be focused in the additional facility's mechanisms only (i.e. ATO guidance) and that AusIndustry's processes, inputs and guidance in respect of quarterly payments be focused to mirror the guidance in relation to the existing Advance Findings application process.

3. Do the proposed arrangements for quarterly credits create any problematic interactions with other taxation or regulatory arrangements? If so, what are these interactions and how should they be addressed?

No comment.

4. Are there any other comments on the proposed arrangements for quarterly credits outlined in this consultation paper?

Given the anticipated large number of "refundable offset"-eligible companies that would be applying for quarterly credit payments, it would be expected that AusIndustry will be inundated with Applications.

AusIndustry is currently experiencing delays in processing application for Findings ('Overseas Activities' and 'Advance Findings'), which creates prolonged uncertainty for applicants.

Given that AusIndustry would have to approve these applications before providing a 'quarterly credits notification number', eligibility would become 'self-assessment' in name only!

It would be useful if the application process were to at most match/mirror the existing Advance Finding for Activities format, to prevent unnecessary proliferation of 'Finding' types and provide the applicant company (and the entire quarterly credit system) with certainty and the desired integrity.

It is recommended that AusIndustry have sufficient systems and resources to allow it to process applications within as short a time-frame as possible to allow the quarterly credit system to operate effectively and timeously.

Would annual registration be necessary, or could companies, as per the Advance Finding system, effectively apply for three-year periods? If annual registration is required, possibly a summarised application format could be used, citing and explaining only variations from the original application.

Yours faithfully

A handwritten signature in blue ink that reads "Jeremy Levitt". The signature is written in a cursive style with a long horizontal stroke underneath.

Jeremy Levitt  
Levitt & Associates Pty Ltd